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# A COMPREHENSIVE FINANCIAL ANALYSIS OF ABHINANDAN MOTORS PVT. LTD.: EVALUATING LIQUIDITY PERFORMANCE AND TRENDS

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**Abstract:** This study presents a detailed financial analysis of Abhinandan Motors Pvt. Ltd. with a focus on understanding its liquidity performance, profitability, and asset management over the past five years (2019-2023). The primary objective is to provide insights into the company's financial health by evaluating historical performance and assessing current financial positions. The research utilizes ratio analysis and common size analysis to examine liquidity trends, profitability, and asset management. Key findings indicate a steady increase in share capital and significant growth in fixed assets, with fluctuations in current assets and liabilities. The ratio analysis reveals variable liquidity levels, with significant changes in the current, quick, and cash ratios, while the current assets turnover ratio shows improved efficiency. The study aims to identify the financial strengths and weaknesses of the company and offers insights for future financial strategies.

**Keywords:** Financial Analysis, Liquidity Performance, Ratio Analysis, Common Size Analysis, Asset Management, Profitability, Financial Health, Historical Performance

## I. INTRODUCTION

Understanding a company's financial health is critical for forecasting future performance and making informed managerial decisions. A comprehensive financial analysis allows stakeholders to gauge the stability, efficiency, and profitability of a business. This study focuses on Abhinandan Motors Pvt. Ltd., aiming to evaluate its financial performance over a five-year period, from 2019 to 2023. The objective is to provide a detailed assessment of the company's liquidity, profitability, and overall financial

strength through an in-depth examination of its financial statements and key financial ratios.

### Importance of Financial Analysis

Financial analysis is an essential tool for evaluating a company's performance and making strategic decisions. By analyzing financial statements, management can gain insights into the company's operational efficiency, financial stability, and profitability. This information is crucial for several reasons:

- Strategic Planning:** Understanding historical performance helps in formulating future strategies. It enables management to identify trends, assess the effectiveness of past decisions, and make adjustments to improve performance.
- Investment Decisions:** Investors use financial analysis to assess the risk and return profile of a company. A thorough analysis provides investors with the information needed to make informed decisions about investing in or withdrawing from a company.
- Credit Assessment:** Lenders and creditors use financial analysis to evaluate a company's creditworthiness. Analyzing liquidity and solvency ratios helps in determining the company's ability to meet its short-term and long-term obligations.
- Operational Efficiency:** Financial ratios can highlight areas where a company is performing well or struggling. This information is valuable for operational improvements and resource allocation.

## II. REVIEW OF LITERATURE

The review of literature on financial analysis and company performance focuses on various aspects such as the importance of financial ratios, liquidity management, and the impact of financial performance on decision-making.



This review covers studies and theoretical frameworks from 2018 to 2024, highlighting key findings and methodologies relevant to the financial analysis of companies. Chaudhry and Qazi (2018) explore how financial ratios influence stock prices, emphasizing the role of liquidity, profitability, and solvency ratios in investment decisions. The study provides a comprehensive analysis of the relationship between financial ratios and market performance, suggesting that investors rely heavily on these ratios to gauge a company's financial health and make informed decisions. Smith and Brown (2019) investigate the effectiveness of financial ratio analysis in evaluating company performance. They highlight the strengths and limitations of ratio analysis, noting that while ratios provide valuable insights into financial health, they should be complemented with qualitative factors and industry-specific considerations for a more accurate assessment. Johnson and Lee (2020) examine the impact of liquidity management on firm performance in emerging markets. Their study finds that effective liquidity management is crucial for maintaining financial stability and operational efficiency. They argue that companies with strong liquidity management practices are better positioned to navigate financial challenges and capitalize on growth opportunities. Nguyen and Patel (2021) analyze the relationship between liquidity ratios and firm performance in the technology sector. Their research indicates that liquidity ratios, such as the current and quick ratios, are significant indicators of a company's ability to meet short-term obligations and maintain operational efficiency. The study provides insights into the sector-specific dynamics of liquidity management. Williams and Roberts (2022) explore how financial performance analysis influences strategic decision-making within organizations. They highlight the importance of comprehensive financial analysis, including ratio analysis and common size analysis, in guiding strategic choices and improving overall business performance. The case studies presented illustrate how financial insights can drive effective decision-making. Kumar and Sharma (2023) review emerging trends and practices in financial analysis and their impact on corporate strategy. The study discusses advancements in financial analysis techniques and their integration into strategic planning processes. It emphasizes the growing importance of data-driven insights in shaping corporate strategies and enhancing competitive advantage. Miller and Zhang (2024) provide an overview of modern approaches to financial ratio analysis, including advanced methodologies and applications. Their study covers recent developments in financial analysis techniques, such as the use of machine learning and big data analytics, and their implications for evaluating company performance. O'Connor and Tan (2024) discuss the integration of financial ratios with qualitative analysis to provide a more comprehensive evaluation of a company's financial health. They argue that combining quantitative metrics with

qualitative insights offers a more holistic view of financial performance and enhances decision-making processes.

#### **Need of the Study**

Understanding past performance is crucial for forecasting future outcomes. This study aims to provide management with insights into the company's financial health by analyzing historical performance and assessing its current financial position. The main objective is to conduct a thorough financial analysis of the company, focusing on liquidity performance trends over the past five years. Additionally, the study seeks to evaluate how financial analysis influences the company's liquidity strength.

#### **Scope of the Study**

The primary focus of this study is to examine how the company's assets and liabilities are managed. Ratios are used as tools to assess financial strength and profitability, but they should not replace absolute data. Instead, ratios complement quantitative analysis by offering insights into financial performance. However, they do not capture qualitative aspects and are based on historical data, which may not reliably predict future performance due to external factors. This study uses the company's balance sheet to provide a comprehensive view.

#### **Objectives of the Study**

- To evaluate the company's overall financial performance.
- To analyze the company's liquidity, profitability, and turnover by applying various financial ratios.
- To track changes in the financial statements over the past five years.
- To identify the company's financial strengths and weaknesses.

#### **Research Methodology**

##### **Research Design**

This study employs a descriptive research design to analyze and evaluate the financial health of Abhinandan Motors Pvt. Ltd. The focus is on understanding historical financial performance and current liquidity strength through a comprehensive analysis of financial statements and ratio analysis.

##### **Data Sources:**

- **Primary Data:** Not applicable for this study.
- **Secondary Data:** Financial statements of Abhinandan Motors Pvt. Ltd. for the years 2019 to 2023, including balance sheets and related financial documents. Data is sourced from company records and financial reports.

**Data Collection Methods:** Review of annual balance sheets and financial statements to extract relevant data for analysis.

**Data Analysis Techniques**

**Ratio Analysis:**

- **Current Ratio:** Calculated to evaluate the company's short-term liquidity and ability to cover current liabilities with current assets.
- **Quick Ratio:** Assesses the company's ability to meet short-term obligations without relying on inventory.
- **Cash Ratio:** Examines the company's ability to pay off current liabilities with its cash and marketable securities.

- **Current Assets Turnover Ratio:** Measures the efficiency of using current assets to generate sales.

**Common Size Analysis:** Comparison of each line item in the financial statements to a base figure (total assets or total liabilities) to assess the relative size and significance of financial components.

III. DATA ANALYSIS

**Table - 4.1 Comparisons of Abhinandan Motors Pvt. Ltd.'s 2019 and 2020 Balance Sheets**

Particulars	2019 (in lakhs)	2020 (in lakhs)	Increase/ Decrease (in lakhs)	Changes in %
<b>I. Source of Funds:</b>				
<b>Shareholders fund:</b>				
A. Share Capital	2894.00	2894.25	0.25	-2%
B. Loans & Deposit	124.5	125.6	1.1	-10%
C. Reserves & Surplus	229.44	216.54	-12.9	112%
<b>Total</b>	<b>3247.94</b>	<b>3236.39</b>	<b>-11.55</b>	<b>100%</b>
<b>II. Application of Funds:</b>				
<b>A. Fixed Assets</b>				
Net Block	2176.03	1989.20	-186.83	1618%
B. Investment	348.35	480.20	131.85	-1142%
<b>C. Current asset and Loans &amp; Advance</b>				
1. Inventories	237.81	247.34	9.53	-83%
2. Sundry Debtors	259.01	255.20	-3.81	33%
3. Cash and Bank Balance	321.8	303.52	-18.28	158%
4. Advance and Deposits	392.25	386.26	-5.99	52%
<b>Total</b>	<b>3735.32</b>	<b>3661.72</b>	<b>-73.6</b>	<b>637%</b>
Less: Current Liabilities & Provisions	487.38	425.33	-62.05	537%
<b>Total</b>	<b>3247.94</b>	<b>3236.39</b>	<b>-186.83</b>	<b>1618%</b>

**Interpretation:**

In comparison to 2020, share capital is up 0.25, loans and deposits are up 1.1, investments are up 131.83, and inventories are up 9.53. Comparing 2019 to 2020, the

following are lower: cash and bank balance (18.28), advance and deposits (5.99), reserves and surplus (12.9), various debtors (3.81), fixed assets (186.73), and current liabilities and provisions (62.05).

**Table - 4.2 Comparisons of Abhinandan Motors Pvt. Ltd.'s 2020 and 2021 Balance Sheets**

Particulars	2020	2021	Increase/ Decrease	Changes in %
<b>I. Source of Funds:</b>				
<b>Shareholders fund:</b>				
A. Share Capital	2894.25	2948.52	54.27	53%
B. Loans & Deposit	125.6	121.5	-4.1	-4%
C. Reserves & Surplus	216.54	269.67	53.13	51%
<b>Total</b>	<b>3236.39</b>	<b>3339.69</b>	<b>103.3</b>	<b>100%</b>
<b>II. Application of Funds:</b>				
<b>A. Fixed Assets</b>				

Net Block	1989.20	1941.41	-47.79	-46%
B. Investment	480.20	495.35	15.15	15%
<b>C. Current asset and Loans &amp; Advance</b>				
1. Inventories	247.34	351.96	104.62	101%
2. Sundry Debtors	255.20	339.52	84.32	82%
3. Cash and Bank Balance	303.52	434.90	131.38	127%
4. Advance and Deposits	386.26	341.25	-45.01	-44%
<b>Total</b>	<b>3661.72</b>	<b>3904.04</b>	<b>242.32</b>	<b>235%</b>
Less: Current Liabilities & Provisions	425.33	564.35	139.02	135%
<b>Total</b>	<b>3236.39</b>	<b>3339.69</b>	<b>103.3</b>	<b>100%</b>

**Interpretation:**

There has been an increase in share capital of 54.27, investments of 15.15, inventories of 104.62, reserves and surplus of 53.13, various debtors of 84.32, cash and bank

balance of 131.38, and current liabilities and provisions of 139.02 compared to 2021. There is a decrease in loans and deposits (4.1), advance and deposits (45.01), and fixed assets (47.79) when comparing 2020 to 2020.

**Table - 4.3 comparison of Abhinandan Motors Pvt. Ltd.'s 2021 and 2022 Balance Sheets**

Particulars	2021	2022	Increase/ Decrease	Changes in %
<b>I. Source of Funds:</b>				
<b>Shareholders fund:</b>				
A. Share Capital	2948.52	3068.65	120.13	82%
B. Loans & Deposit	121.50	122.80	1.3	1%
C. Reserves & Surplus	269.67	295.38	25.71	17%
<b>Total</b>	<b>3339.69</b>	<b>3486.83</b>	<b>147.14</b>	<b>100%</b>
<b>II. Application of Funds:</b>				
A. Fixed Assets				
Net Block	1941.41	2074.56	133.15	90%
B. Investment	495.35	506.5	11.15	8%
C. Current asset and Loans & Advance			0	0%
1. Inventories	351.96	306.5	-45.46	-31%
2. Sundry Debtors	339.52	365.28	25.76	18%
3. Cash and Bank Balance	434.90	475.69	40.79	28%
4. Advance and Deposits	341.25	323.18	-18.07	-12%
<b>Total</b>	<b>3904.04</b>	<b>3954.83</b>	<b>50.79</b>	<b>35%</b>
Less: Current Liabilities & Provisions	564.35	513.38	-50.97	-35%
<b>Total</b>	<b>3339.69</b>	<b>3486.83</b>	<b>147.14</b>	<b>100%</b>

**Interpretation:**

Share capital has increased by 120.13, investments by 11.15, reserves and surplus by 25.71, various debtors by 25.76, cash and bank balance by 40.79, fixed assets by

133.15, loans and deposits by 1.3, and so forth. In 2020, current liabilities and provisions (50.97), advance and deposits (18.07), and inventories (34.99) are all lower than in 2020.

**Table - 4.4 comparison of Abhinandan Motors Pvt. Ltd.'s 2022 and 2023 Balance Sheets**

Particulars	2022	2023	Increase/ Decrease	Changes in %
I. Source of Funds:				
Shareholders fund:				
A. Share Capital	3068.65	3158.92	90.27	61%
B. Loans & Deposit	122.80	155.65	32.85	22%
C. Reserves & Surplus	295.38	321.05	25.67	17%
<b>Total</b>	<b>3486.83</b>	<b>3635.62</b>	<b>148.79</b>	<b>100%</b>
ii. Application of Funds:				
A. Fixed Assets				
Net Block	2074.56	2548.72	474.16	319%
B. Investment	506.5	525.23	18.73	13%
C. Current asset and Loans & Advance				
1. Inventories	306.5	286.18	-20.32	-14%
2. Sundry Debtors	365.28	319.81	-45.47	-31%
3. Cash and Bank Balance	475.69	187.52	-288.17	-194%
4. Advance and Deposits	323.18	295.16	-28.02	-19%
<b>Total</b>	<b>3954.83</b>	<b>4162.62</b>	<b>207.79</b>	<b>140%</b>
Less: Current Liabilities & Provisions	513.38	527.07	13.69	9%
<b>Total</b>	<b>3486.83</b>	<b>3635.62</b>	<b>148.79</b>	<b>100%</b>

**Interpretation:**

Share capital is increased 90.27 percent compared to 2023; fixed assets are up 474.16%; investments are up 18.73 percent; reserves and surplus are up 25.67 percent; current liabilities and provisions are up 13.69 percent; and loans and

deposits are up 32.85 percent. Comparing 2020 to 2020, there is a reduction in inventories (20.32), advance and deposits (28.02), assorted debtors (45.17) and cash & bank balance (288.17).

**Table - 4.5 common Size of the 2019 Balance Sheets for Abhinandan Motors Pvt. Ltd.**

Particulars	2019	
	Rs. (in lakhs)	%
I. Source of Funds:		
Shareholders fund:		
A. Share Capital	2894	89%
B. Loans & Deposit	124.5	4%
C. Reserves & Surplus	229.44	7%
<b>Total</b>	<b>3247.94</b>	<b>100%</b>
II. Application of Funds:		
A. Fixed Assets		
Net Block	2176.03	67%
B. Investment	348.35	11%
C. Current asset and Loans & Advance		
1. Inventories	237.81	7%
2. Sundry Debtors	259.01	8%
3. Cash and Bank Balance	321.8	10%
4. Advance and Deposits	392.25	12%
<b>Total</b>	<b>3735.32</b>	<b>115%</b>
Less: Current Liabilities & Provisions	487.38	15%
<b>Total</b>	<b>3247.94</b>	<b>100%</b>

**Interpretation:**

In comparison to the overall source of funds, the accompanying table illustrates the typical size of the balance sheet for 2019: 89% is share capital, 4% is loans and deposits, and 7% is reserves and surplus. Fixed assets are

67%, investments are 11%, inventories are 7%, sundry debtors are 8%, cash and Bank balance is 10%, advances and deposits are 12% and current liabilities are 15% when compared to the total application funds are 3247.94.

**Table - 4.6 Common Size of the 2020 Balance Sheets for Abhinandan Motors Pvt. Ltd.**

Particulars	2020	
	Rs. (in lakhs)	%
I. Source of Funds:		
Shareholders fund:		
A. Share Capital	2894.3	89%
B. Loans & Deposit	125.6	4%
C. Reserves & Surplus	216.54	7%
<b>Total</b>	<b>3236.4</b>	<b>100%</b>
II. Application of Funds:		
A. Fixed Assets	1989.2	61%
Net Block	480.2	15%
B. Investment		
C. Current asset and Loans & Advance		
1. Inventories	247.34	8%
2. Sundry Debtors	255.2	8%
3. Cash and Bank Balance	303.52	9%
4. Advance and Deposits	386.26	12%
<b>Total</b>	<b>3661.7</b>	<b>113%</b>
Less: Current Liabilities & Provisions	425.33	13%
<b>Total</b>	<b>3236.4</b>	<b>100%</b>

**Interpretation:**

As can be seen from the above table, the typical size of the 2020 balance sheet is 89% for share capital, 4% for loans and deposits, and 7% for reserves and surplus when compared to the entire source of funding. When compared

to the entire application funds of 3236.4, fixed assets make up 61%, investments 15%, inventories 8%, various debtors 8%, cash and bank balance 9%, advances and deposits 12%, and current liabilities 13%.

**Table - 4.6 Common Size of the 2021 Balance Sheets for Abhinandan Motors Pvt. Ltd.**

Particulars	2021	
	Rs. (in lakhs)	%
I. Source of Funds:		
Shareholders fund:		
A. Share Capital	2948.52	88%
B. Loans & Deposit	121.5	4%
C. Reserves & Surplus	269.67	8%
<b>Total</b>	<b>3339.69</b>	<b>100%</b>
II. Application of Funds:		
A. Fixed Assets	1941.41	15%
Net Block	495.35	15%
B. Investment		
C. Current asset and Loans & Advance		
1. Inventories	351.96	11%
2. Sundry Debtors	339.52	10%

3. Cash and Bank Balance	434.9	10%
4. Advance and Deposits	341.25	10%
<b>Total</b>	<b>3904.04</b>	<b>117%</b>
Less: Current Liabilities & Provisions	564.35	17%
<b>Total</b>	<b>3339.69</b>	<b>100%</b>

**Interpretation:**

The common size of the balance sheet for 2021 is displayed in the above table. In relation to the overall source of funds, share capital is 89%, loans and deposits are 4%, and reserves and surplus are 7%. Compared to the total

application funds of 324.97, fixed assets make up 67%, investments make up 11%, inventories make up 7%, various debtors make up 8%, cash and bank balance make up 10%, advances and deposits make up 12%, and current liabilities make up 15%.

**Table - 4.7 Common Size of the 2021 Balance Sheets for Abhinandan Motors Pvt. Ltd.**

Particulars	2022	
	Rs. (in lakhs)	%
I. Source of Funds:		
Shareholders fund:		
A. Share Capital	3068.65	89%
B. Loans & Deposit	122.80	4%
C. Reserves & Surplus	295.38	7%
<b>Total</b>	<b>3486.83</b>	<b>100%</b>
II. Application of Funds:		
A. Fixed Assets		
Net Block	2074.56	60%
Investment	506.5	15%
B. Current asset and Loans & Advance		
1. Inventories	306.5	9%
2. Sundry Debtors	365.28	10%
3. Cash and Bank Balance	475.69	14%
4. Advance and Deposits	323.18	9%
<b>Total</b>	<b>3954.83</b>	<b>113%</b>
Less: Current Liabilities & Provisions	513.38	15%
<b>Total</b>	<b>3486.83</b>	<b>100%</b>

**Interpretation:**

The aforementioned table illustrates the typical size of the balance sheet for 2022. When compared to the overall source of funds, share capital is 89%, loans and deposits are 4%, and reserves and surplus are 7%. Against the total

application funds of 3486.83, the breakdown of fixed assets is as follows: 60% are investments, 15% are inventories, 9% are assorted debtors, 10% are cash and bank balance, 9% are advances and deposits, and 15% are current liabilities.

**Table - 4.8 Common Size of the 2021 Balance Sheets for Abhinandan Motors Pvt. Ltd.**

Particulars	2023	
	Rs. (in lakhs)	%
I. Source of Funds:		
Shareholders fund:		
A. Share Capital	3158.9	87%
B. Loans & Deposit	155.65	4%
C. Reserves & Surplus	321.05	9%
<b>Total</b>	<b>3635.6</b>	<b>100%</b>
II. Application of Funds:		
A. Fixed Assets		
Net Block	2548.7	70%
	525.23	14%

B. Investment		
C. Current asset and Loans & Advance		
1. Inventories	286.18	8%
2. Sundry Debtors	319.81	9%
3. Cash and Bank Balance	187.52	5%
4. Advance and Deposits	295.16	8%
Total	<b>4162.6</b>	114%
Less: Current Liabilities & Provisions	527.07	14%
Total	<b>3635.6</b>	100%

**Interpretation:**

The standard size of the balance sheet for 2023 may be seen in the above table, share capital is 87%, loans, and deposits are 4%, and reserves & surplus are 9% is compared to the

total source of funds. Fixed assets are 70%, investments are 14%, inventories are 8%, sundry debtors are 9%, cash and Bank balance is 5%, advances and deposits are 8% and current liabilities are 14% when compared to the total application funds are 3635.6.

**Ratio Analysis:**

**Current Ratio:**

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

**Table - 4.9**

Years	Current Assets	Current Liabilities	Ratio
2019	1210.87	487.38	2.48
2020	1192.32	425.33	2.80
2021	1467.33	564.35	2.60
2022	1470.65	513.38	2.86
2023	1088.67	527.07	2.06

**Interpretation:**

The above graph shows the current ratio in 2019 is 2.48, is increased to the 2.80 in 2020, and decreasing to 2.6 in 2021,

is increased to 2.86 in 2022,final is decreasing 2.06 in the 2023.

**Quick Ratio:**

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

**Table - 4.10**

Years	Current Assets	Current Liabilities	Ratio
2019	1210.87	487.38	1.99
2020	1192.32	425.33	2.22
2021	1467.33	564.35	1.97
2022	1470.65	513.38	2.26
2023	1088.67	527.07	1.52

**Interpretation:**

The above graph shows the current ratio in 2019 is 1.99, is increased to the 2.22 in 2020, and decreasing to 1.97 in

2021, is increased to 2.26 in 2022,final is decreasing 1.52 in the 2023.

**Cash Ratio:**

$$\text{Cash Ratio} = \frac{\text{Cash} - \text{Marketable Securities}}{\text{Current Liabilities}}$$

**Table - 4.11**

Years	cash	Current Liabilities	Ratio
2019	321.8	487.38	0.66
2020	303.52	425.33	0.71
2021	434.59	564.35	0.77
2022	475.69	513.38	0.92
2023	187.52	527.07	0.35

**Interpretation:**

The above graph shows the cash ratio in 2019 is 0.66, is increased to the 0.71 in 2020, and increasing to 0.77 in 2021, is increased to 0.92 in 2022, final is decreasing 0.35 in the 2023.

**Current Assets Turnover:**

Sales is divided by Net Current Assets equals the current asset turnover.

**Table - 4.12**

Years	Sales	Current Assets	Ratio
2019	299.18	1210.87	0.24
2020	303.13	1192.32	0.25
2021	277.41	1467.33	0.18
2022	331.44	1470.65	0.22
2023	364.55	1088.67	0.33

**Interpretation:**

The above graph shows the current assets turnover ratio in 2019 is 0.24, is increased to the 0.25 in 2020, and decreasing to 0.18 in 2021, is increased to 0.22 in 2022, finally is increasing .33 in the 2023.

- **Current Assets:** Current assets fluctuated over the years, with a peak in 2021 at ₹1,467.33 lakhs and a decline to ₹1,088.67 lakhs in 2023. This fluctuation indicates varying levels of short-term assets.
- **Current Liabilities:** Current liabilities increased from ₹487.38 lakhs in 2019 to ₹527.07 lakhs in 2023. The growth rate was lower compared to the increase in current assets.

**IV. FINDINGS**

**1. Comparison of Balance Sheets (2019-2023):**

- **Share Capital:** There is a steady increase in share capital from 2019 to 2023, rising from ₹2,894 lakhs in 2019 to ₹3,158.92 lakhs in 2023. This increase reflects a growing commitment from shareholders.
- **Loans & Deposits:** Loans and deposits showed a modest increase from ₹124.5 lakhs in 2019 to ₹155.65 lakhs in 2023. However, the growth rate is relatively small compared to share capital.
- **Reserves & Surplus:** Reserves and surplus increased from ₹229.44 lakhs in 2019 to ₹321.05 lakhs in 2023. This indicates a positive trend in the company's retained earnings.
- **Fixed Assets:** Fixed assets experienced significant growth, from ₹2,176.03 lakhs in 2019 to ₹2,548.72 lakhs in 2023. This increase of 319% suggests substantial investments in long-term assets.
- **Investments:** Investments grew from ₹348.35 lakhs in 2019 to ₹525.23 lakhs in 2023, reflecting a steady increase in the company's investment portfolio.

**2. Common Size Analysis:**

- **2019:** The largest proportion of the application of funds was in fixed assets (67%). Share capital accounted for 89% of the source of funds, highlighting a strong equity base.
- **2020:** Fixed assets decreased to 61%, while investments increased to 15%. The share capital remained at 89% of the total funds.
- **2021:** Fixed assets accounted for 15% of total funds, with a notable rise in current assets and liabilities. Share capital was 88% of the total source of funds.
- **2022:** Fixed assets made up 60% of the total application of funds. Share capital remained dominant at 89%, while current liabilities were 15%.
- **2023:** Fixed assets accounted for 70% of the application of funds, a substantial increase compared to previous years. Share capital was 87% of the total source of funds.



### 3. Ratio Analysis:

- **Current Ratio:** The current ratio fluctuated over the years, peaking at 2.86 in 2022 and decreasing to 2.06 in 2023. This indicates variable liquidity levels, with a significant decrease in 2023.
- **Quick Ratio:** The quick ratio showed a similar trend, with a high of 2.26 in 2022 and a decrease to 1.52 in 2023. The decrease in 2023 suggests a reduction in the company's ability to cover short-term liabilities without relying on inventory.
- **Cash Ratio:** The cash ratio increased over the years, reaching a peak of 0.92 in 2022, before falling to 0.35 in 2023. The significant drop in 2023 indicates a lower proportion of cash relative to current liabilities.
- **Current Assets Turnover:** The turnover ratio increased from 0.24 in 2019 to 0.33 in 2023. This improvement suggests enhanced efficiency in utilizing current assets to generate sales.

### V. CONCLUSION

This study provides a detailed analysis of Abhinandan Motors Pvt. Ltd.'s financial performance over the past five years, focusing on liquidity and financial health through various analytical methods. The evaluation of balance sheets reveals a consistent increase in share capital and fixed assets, indicating growing shareholder investment and significant long-term asset acquisitions. However, fluctuations in current assets and liabilities reflect variable liquidity levels, with notable changes in financial ratios. The common size analysis shows a significant focus on fixed assets and a stable share capital contribution over the years, despite changes in other financial components. Ratio analysis highlights a variable liquidity situation, with peaks in 2022 followed by a decline in 2023, suggesting reduced short-term financial stability. Overall, while the company demonstrates a positive trend in asset investment and sales efficiency, the variability in liquidity ratios signals the need for improved short-term financial management. The study concludes that Abhinandan Motors Pvt. Ltd. should focus on stabilizing its liquidity position and enhancing its ability to manage short-term obligations effectively.

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